STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

BULLETIN 97-1

Minnesota Automobile Assigned Claims Bureau

TO: MINNESOTA LICENSED AUTOMOBILE INSURANCE COMPANIES
RE: Disputes Between Insurers as to Priority for Payment of No-Fault Benefits

Issued this 25th day
of March, 1997

The Minnesota Department of Commerce has been advised by the Minnesota Automobile Assigned Claims Bureau that they have received a number of claims involving a dispute between two insurers as to which company is obligated to extend no-fault benefits to a claimant. Typically, the disagreement between the two insurers is based upon a factual dispute such as whether the injured person was in the process of alighting from an insured vehicle at the time of the accident or whether that person had completed alighting from the vehicle so that he or she is to be considered a pedestrian. In each case, however, there is no disagreement that the claimant is entitled to no-fault benefits from one of the involved insurers. Nonetheless, several claimants, armed with denials from both involved insurers, have come to the Minnesota Automobile Assigned Claims Bureau seeking no-fault benefits under the Minnesota Automobile Assigned Claims Plan even though there is undisputably a source of insurance at a higher priority level than the Assigned Claims Plan.

These disputes between insurers have a significant, negative impact upon the injured persons making claims under the applicable policies. The No-Fault Act was enacted "to relieve the severe economic distress of uncompensated victims of automobile accidents within this state" by requiring insurers to make "prompt payment of specified basic economic loss benefits to victims of automobile accidents." Another purpose of the Act is to "encourage appropriate medical and rehabilitation treatment of the automobile accident victim by assuring prompt payment for such treatment." When payment on an injured person's claim is delayed because of such disagreements, these disputes between insurance companies contravene the very purposes of the No-Fault Act as enunciated under 65B.42.

The Department reminds insurers that the Assigned Claims Plan is a plan of last resort for persons who have access to no other source of insurance. It is not appropriate for the Bureau to be called upon to respond to claims when there is unquestionably another source of insurance at a higher priority level under 65B.47. Insurers should also be mindful of 72A.201, subd. 4(10), which prohibits a company from refusing to settle a claim of an insured on the basis that the responsibility should be assumed by others.

Therefore, in cases involving a dispute as to which of two insurers is responsible for the payment of no-fault benefits, the companies are directed to reach an agreement so that one of the insurers assumes responsibility for the claim until a determination is made as to which company is ultimately responsible for the payment of benefits to the injured person.

David B. Gruenes
Commissioner of Commerce